

FISCAL NOTE

SB 269 - HB 825

March 21, 2005

SUMMARY OF BILL: Authorizes that a court may order the permanent disqualification of any TennCare enrollee who is convicted of a criminal offense involving the sale of prescription drugs obtained through the medical assistance program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$103,950 One-Time

Other Fiscal Impact– Increase Federal Expenditures - \$103,950 One-Time

Federal regulations (Section 1128B(a) of the Social Security Act) do not permit the permanent disqualification of enrollees convicted of criminal offenses. This bill could result in the loss of federal matching funds, which is currently at a rate of 64.81%.

Assumptions:

- The Bureau of TennCare indicated in the waiver amendment submitted to the Centers for Medicaid and Medicare Services (CMS) there would be a separate request for CMS to allow Tennessee to disqualify for one year TennCare enrollees who have been convicted under state law of fraud against the TennCare program or the illegal sale of prescription drugs.
- TennCare would receive federal matching funds at a rate of 64.81% (remainder of federal FY05) and 63.99% (start of federal FY06) based on the Federal Medical Assistance Percentages. TennCare could lose these matching funds if not in compliance with federal regulations.
- The Department of Human Services will need to change programming for the ACCENT computer system to include Medicaid or TennCare Standard disqualifications in order to prevent individuals from continuing to receive coverage or from being re-approved for coverage resulting in a one-time cost of state and federal expenditures totaling \$207,900.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director